The World Bank
International Bank for Reconstruction and Development

PricewaterhouseCoopers' work with the Global Environment Facility on Fiduciary Management Standards

Overview Presentation

September 15, 2010

P w C

Agenda

- Background and Context
- Minimum Fiduciary Standards Subject Areas
- Process and Timeline
- Results - Detailed Minimum Fiduciary Standards Subject Areas
- Issues and Challenges

Background and Context

The Global Environment Facility (GEF):

- Is the premier source for some of the world's most important environmental projects and programs.
- Has funded more than $6 billion in grants, and enabled $20 billion in co-financing for over 1800 projects in 140 countries worldwide.
- Operates through 10 Implementing and Executing Agencies, incl. World Bank which serves as Trustee.

The Fourth GEF Replenishment

- Raised $3.13 billion from 32 donor countries for GEF operations between 2006 and 2010.
- ***Requested a baseline inventory of Agency fiduciary and financial management, and policy proposals to strengthen accountability for the Agencies.***

Minimum Fiduciary Standards Subject Areas

Eight fiduciary standards comprised the focus of review and recommendations at both the Agency level and at the policy or subject area level. These are:

(1) Independent oversight, audit and evaluation, and investigation functions

(2) External financial audit

(3) Financial management and control frameworks

(4) Monitoring and project-at-risk systems

(5) Procurement processes

(6) Financial disclosure

(7) Hotline and whistleblower protection and code of ethics

(8) Project appraisal standards, including environmental assessments and other safeguards measures, as appropriate

Process and Timeline

Established Standards -

- PwC recommends minimum standards
- GEF Council adapts and adopts in June 2007

Self Assessment by Agencies

- Self assessments against standards by each agency
- Presented to GEF Council in April 2008

Desk Review Assessment by PwC

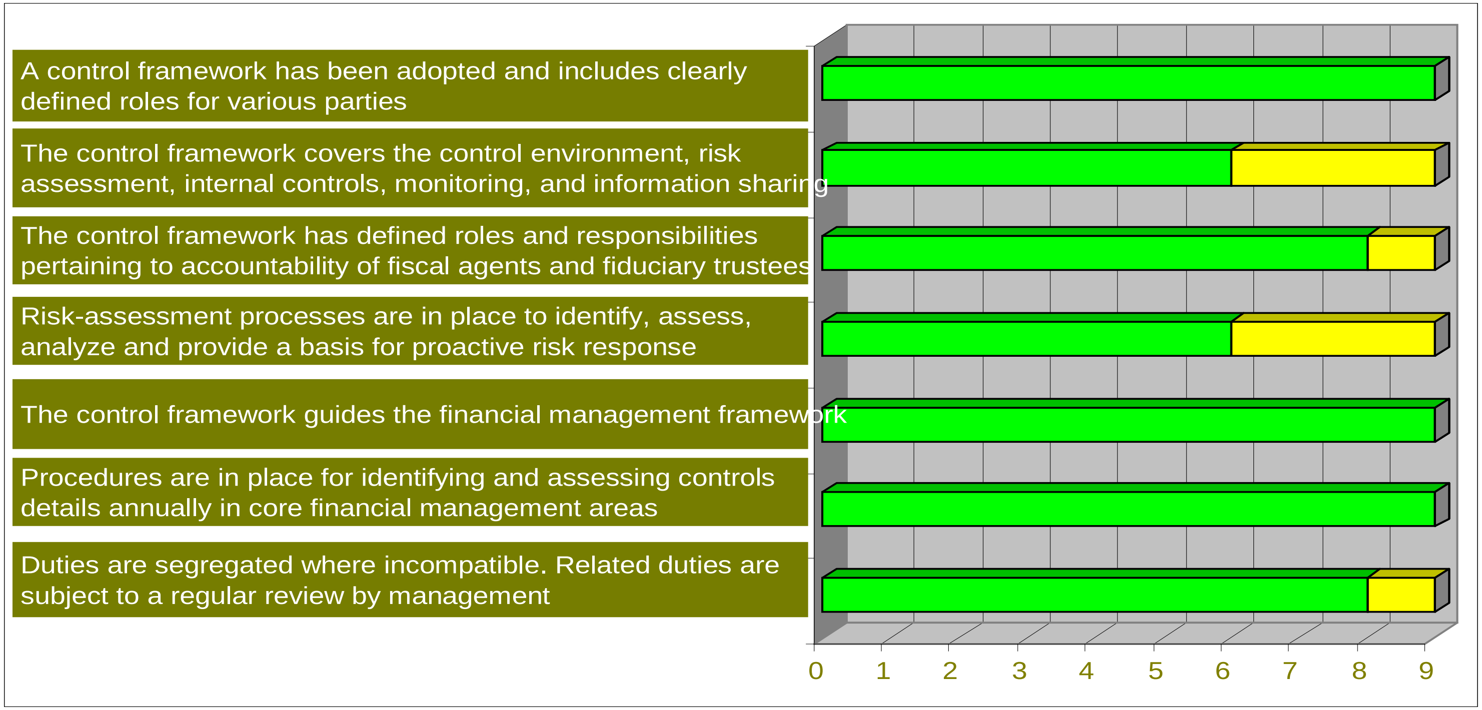
- PwC performs ‘desk review’ of agency compliance
- Presented to GEF Council in June 2009

Potential Future Activities

- Verification & validation – GEF Council and Secretariat considering additional independent verification & validation of compliance
- Future accreditation program – GEF Council and Secretariat considering future accreditation and validation approaches

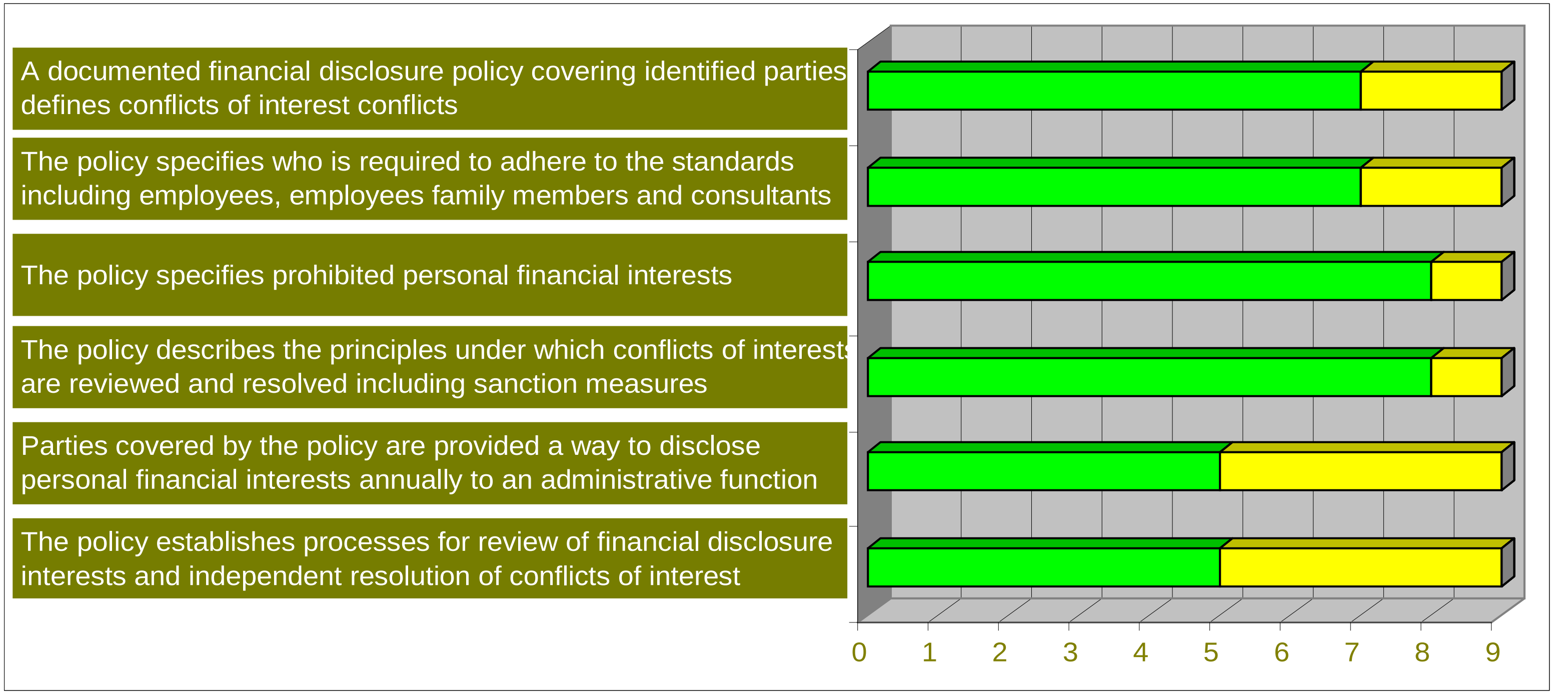
Minimum Fiduciary Standards -- Additional Details

Financial Management and Control Framework –control framework ‘standards’ not as mature and globally accepted



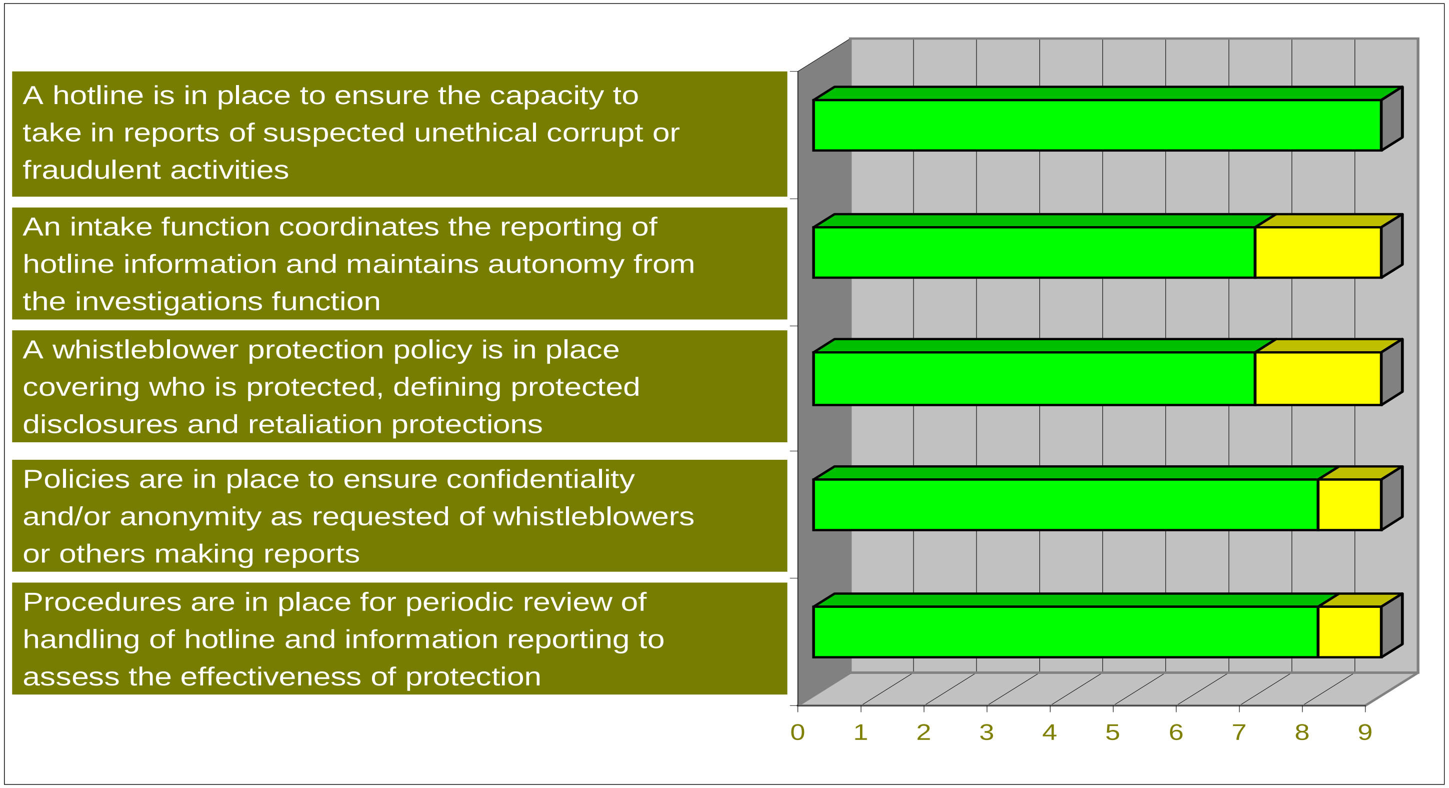
Minimum Fiduciary Standards -- Additional Details

Financial Disclosure - maturity and consistency of agencies varied based on a variety of factors.



Minimum Fiduciary Standards -- Additional Details

Hotline & Whistleblower Protection - maturity, geography and size of agency appeared to impact implementation.



Issues and Challenges

- Definition of ‘independent’ in the context of external audit, internal audit, and whistleblower functions
- Potential for US/Western biases
- Maturity and nature of the agencies/delivery partners
- Sanctions for noncompliance
- ‘Leading edge’ versus ‘good’ practices

Questions and Answers